



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

MEMORANDUM

DATE: December 15, 2016

SUBJECT: Approval for Implementation of the Tronox Settlement Projects for FY2016 – Cost Adjustment Amendment

FROM: Chip Poalinelli, Tronox NAUM Coordinator, Region 9
Kevin Shade, Tronox NAUM Coordinator, Region 6

TO: Clancy Tenley, Assistant Director, Superfund Division, Region 9

THRU: *Chris Villanreal for*
Ben Banipal, Branch Chief, Technical and Enforcement Branch, Region 6

SSID Nos.: 09XL, A9AG, and A982

I. Introduction

The purpose of this memorandum is to request and document approval to spend \$1,197,000 of the Tronox funding (*In re: Tronox Incorporated, et al*, Case No. 09-10156 (Bankruptcy, S.D.N.Y) for projects activities (listed in Section III) on the Tronox Navajo Area Uranium Mines in Regions 9 and 6 respectively. This memorandum increases the approval to spend Tronox funding on FY2016 project from \$12,083,000 documented in the funding memo date March 14 2016 to \$13,280,000, for the following three FY2016 projects:

- *Cove Chapter area Tronox Mines remedial investigation/feasibility study activities "Conceptual Site Model"*
- *Cove Transfer Station slope stabilization and cover repair*
- *Navajo Area Uranium Mines USEPA Program Management Plan*

II. Background

The Tronox Navajo Area Uranium Mines (Tronox NAUM) are located primarily in the Grants Mining District in New Mexico and in the Northern and Eastern Regions of the Navajo Nation. The following provides background and justifications for funding the projects requested and documented in this FY2016 funding amendment.

- A. In the FY2016 Funding Memo dated March 14, 2016 (attached), the *Cove Chapter area Tronox Mines remedial investigation/feasibility study activities "Conceptual Site Model"* FY2016 project was approved for \$250,000. After evaluating existing

information available to input into the Conceptual Site Model, U.S. EPA added the following components the statement of work; which resulted in a requested funding increase from \$250,000 to \$467,000 (\$217,000 additional funds):

1. Navajo Abandoned Mine Lands (AML) data: Incorporate Navajo AML reclamation data, drawings, and other information into the database of record.
2. Atlas GIS Layers: Verify and update all GIS layers from the Atlas. Ensure that GIS layers fit the standards needed for incorporation into the database of record.

- B. Also, in the March 14, 2016, funding memo the ***Cove Transfer Station slope stabilization and cover repair*** FY2016 project was approved for \$350,000. After U.S. EPA and our contractors performed a site walk to evaluate the extent of erosion, it was determined that the erosion and the work required to stabilize and repair the slope was more extensive than originally estimated; which resulted in a requested funding increase from \$350,000 to \$980,000. (\$530,000 in additional funds)

The erosion repairs at the former Cove Transfer Station Site included: stabilizing the affected slopes and constructing slope diversion channels; restoring the roadside ditch with riprap material; removing dead or dying vegetation and excavating and consolidating any contaminated soils on site as appropriate; vegetating the affected slope with seeds and young plants; and providing irrigation with an on-site water tank to feed a drip irrigation system, until plants are established. Approximately nine months after site restoration, the site will be inspected to observe and recommend any maintenance may be required.

- C. During the March 10, 2016, Tronox Joint Agency Meeting, Navajo Nation, New Mexico, and U.S. EPA concurred that the ***Navajo Area Uranium Mines USEPA Program Management Plan*** project should proceed and received funding for FY2016. U.S. EPA will utilize an existing HQ contract to provide Program Management Support to the USEPA's Tronox NAUM Program (estimated contracting cost \$450,000).

The contractor will perform a strategic assessment of the U.S. EPA (Region 6 & 9) NAUM Program and prepare a Program Management Plan and Acquisition Strategy to assure a program that is effective, efficient, accountable, transparent, and capable of achieving the goals laid out in the Five Year Strategic Plans. The contractor will assess: community outreach, education and involvement; communication and coordination (Navajo workforce and business development); resource management; field office options; standard operating procedures; and, reporting, accountability and transparency.

III. Estimated Amended Contract Funding for FY2016 Projects

The estimated contract funding for FY2016 projects is based on information currently available and the best estimates of the project team proposing the work. Estimated contract funding and scope for these project will be further defined during the work plan process. The estimated amended funding for FY2016 projects are summarized below:

Region	Project	Contracting Cost
Region 9	Cove Chapter Area Tronox Mines Remedial Investigation/Feasibility Study Activities "Conceptual Site Model"	\$217,000
Region 9	Cove Transfer Station Slope Stabilization and Cover Repair	\$530,000
Region 9	Navajo Area Uranium Mines Program Management Plan	\$450,000
Total Region 9		\$1,197,000
Region 6 & 9 FY 2016 Funding Approved (March 14, 2016)		\$12,083,000*
Region 9 FY 2016 Amended Funding		\$1,197,000*
Total Region 6 & 9 FY 2016 Funding		\$13,280,000*

*U.S. EPA costs (payroll, travel, expenses, and grants) associated with these projects that will be reported in the Tronox Quarterly Report.

The requested amended project funding is based on estimated contractor costs and direct U.S. EPA costs (payroll, travel, and expenses) associated with this project. These costs will be reported in the Tronox Quarterly and Annual Reports.

IV. Purpose/Justification

The purpose of these projects are to investigate and propose alternatives to mitigate, reduce and/or eliminate the potential for human or ecological exposures to uranium/vanadium mining wastes at the Tronox NAUM settlement area mines on and impacting the Navajo Nation.

The activities and amounts noted above are based on an analysis by EPA Region 9 and Region 6 regarding the most urgent tasks to prepare for cleanup of the Tronox NAUM and the Quivira Mine Site, following consultation with the Navajo Nation and coordination with the State of New Mexico.

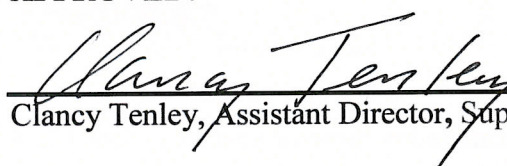
V. Anticipated Costs and Accounting

Future costs presented in this "Annual Funding Planning Memo" amendment are estimates. Region 9 and Region 6 will be examining quarterly summaries of expenditures in order to further refine these estimates and determine whether supplemental funding will be needed for their efforts in FY2016. If additional funding is needed, the Tronox Coordinators will present a request for approval of supplemental funding, along with a justification and cost estimate.

VI. Approval for Additional FY2016 Funding

The U.S. EPA Tronox NAUM Coordinators recommend the Amended FY2016 projects and estimated funding for the Tronox NAUM Special Account as described in Section III of this memo. Please indicate your approval or disapproval on the signature lines provided below. We look forward to responding to any questions or concerns.

APPROVED:

 12/15/16
Clancy Tenley, Assistant Director, Superfund Division, Region 9 Date

NOT APPROVED:

Clancy Tenley, Assistant Director, Superfund Division, Region 9 Date